

Health & Safety in the Construction Industry:

Positive Prognosis

or Bitter Pill?

By Lee Schaller

Health and safety issues have been receiving a great deal of media coverage throughout the state...and most of the issues being discussed have a direct bearing on Hawaii's construction industry.

The workers' compensation controversy and possible reform is a hot topic with everyone from the governor and the legislature to the industry's professional associations, unions and the worker on the job.

In addition, there are questions as to whether the current building boom and shortage of qualified labor inadvertently is creating an increase in jobsite injuries.

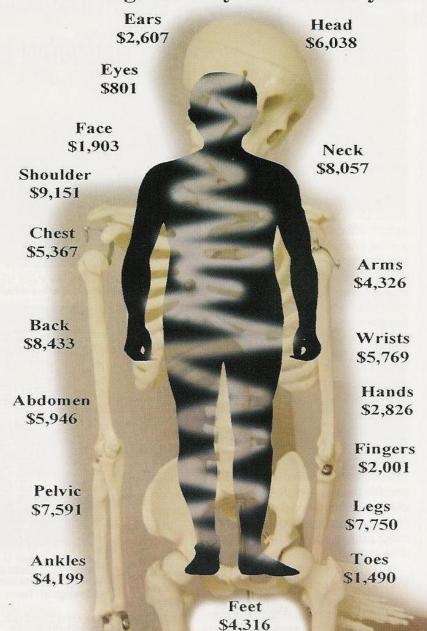
Questions also are being raised as to whether the industry's drugtesting programs are adequate.

And HIOSH has, of all things, been accused of being too friendly.

What's really going on here?

B.I. goes to the source (actually quite a few sources) for the answers to these questions and many more. We asked. You answered. Here is our in-depth report.

Average Cost by Part of Body



A Chronic Complaint

For the past two years, our report on Health & Safety has included much conversation and concern regarding Hawaii's workers' compensation program. From the workers' comp medical professionals we learned about occupational care groups going out of business and the difficulty in finding

"good physicians who are willing to see workers' comp patients" due to the low reimbursement rates. From industry members we heard horror stories about workers' comp insurance going up as much as 200 percent and more.

Has anything improved?

Currently, everyone is getting into the act, including legislators who may not be totally informed

on the situation or aware of its impact on the industry and the economy as a whole. A few of those who do understand the vital nature of the issue and are major players, such as Nelson Befitel, director of the State of Hawaii's Department of Labor & Industrial Relations (DLIR), are passionate in their pursuit of reform.

"The system is broken," Befitel says. "The Work Loss Data Institute gave Hawaii's workers' compensation system an 'F' for the years 2001 and 2002, noting that Hawaii has gone from 'bad to worse." He also feels, "Hawaii's businesses are paying entirely too much for workers' compensation insurance. Workers' compensation premiums have doubled and tripled in the last five years for many of our local companies."

Gov. Linda Lingle also is vocal in her criticism of the state's workers'

comp system. "Our employers pay among the highest workers' compensation premiums in the country," she says, and in underscoring Befitel's comments, adds, "Last year, we were one of just eight states again receiving a grade of 'F' for the operation of the workers' compensation system."

What changes would she like to see?

•Increased penalties for those who "cheat the program." This translates to reducing fraud by both employers and employees.

•Cost control reforms to lower insurance premiums. "We owe this to businesses and their employees who need insurance when they are injured," she says.

In addition to Lingle's priorities, among the several reforms the DLIR wants are:

•A clear definition of who can be an attending physician

A worker sets a 120-foot pipe in a prepared trench at a Nova Group jobsite.



•Eliminating stress claims resulting from personnel action taken in good faith

•Allowing for employer-mandated choice of network of physicians

•A clear definition of acceptable vocational rehabilitation plans to control costs and allow greater employer input

Other powerful legislators, such as Rep. Barbara Marumoto, agree that Hawaii's workers' comp system is a major problem.

A key dissenting voice in the governor's and DLIR's pursuit of workers' comp reform seems to be coming from Rep. Kirk Caldwell, new chair of the House Committee on Labor and Public Employment, who expresses "concern" about state officials making changes without legislative consent. "I plan to look into the issue," says Caldwell.

Getting a Second Opinion

Hawaii's construction industry members strongly agree that a cure is long overdue for the state's ailing workers' comp system and escalating medical costs. Labor union officials for example are quite vocal in their views. "A major area of concern," according to Vaughn Chong, business manager and treasurer of the United Union of Roofers, Waterproofers and Allied Workers, Local 221, "is the rising cost of health care and its impact on our membership. We would like to continue to provide the level of service and professionalism that our members have come to expect."

Ron Taketa, financial secretary/business representative for the United Brotherhood of

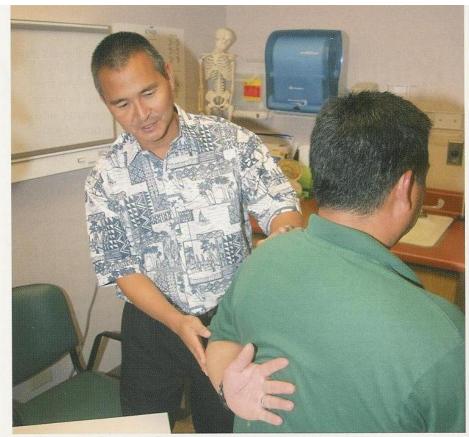


A Nova Group team ties wall steel for tank containment dikes.

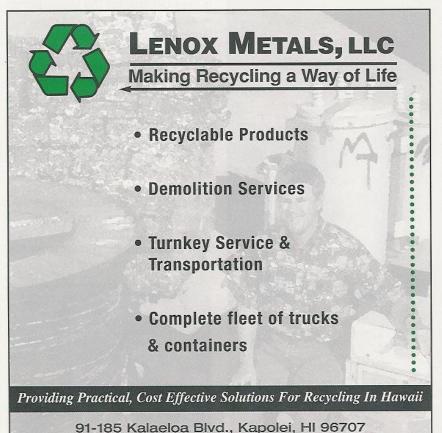
Carpenters and Joiners of America, Local 745, says "The seemingly uncontrollable increase in the cost of medical care makes this issue one of the most difficult to deal with. Most, if not all, of the strikes in Hawaii (and on the mainland) during the past two years have been over the issue of medical costs."

Gerald Yuh, business manager/financial secretary of the International Brotherhood of Electrical Workers, Local 1186, adds another twist to the problem. "Major concerns are unethical contractors who circumvent state requirements of workers' compensation insurance, health care, licensing and permitting. Cash payments and the use of unlicensed personnel fuel this problem so there is underbidding by legitimate contractors who do exercise compliance with the licensing laws."

Audrey Hidano, secretary/trea-



The elephant handler at the Honolulu Zoo is having his shoulder examined by Dr. Frank Izuta of REHAB.



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surer of Hidano Construction, Inc., a past president of the Building Industry Association of Hawaii (BIA) and former deputy director of the state's DLIR says she understands that there are some cost driving factors that may be beyond control but feels there are some that could and should be controlled. "Even though our company is very safety conscious, we still pay high premiums. And cases are staying open longer, costing us more money."

Fred Moore, president of the BIA, reports, "Bill Short, chair of the BIA's government relations committee (and president of his own company, AM-PRESS Corporation), is actively representing BIA Hawaii at the state legislature, lobbying for much-needed reform in workers' compensation." Short says, "Workers' comp is a major issue for all employers in all professions. It is a major operating cost of any company's budget management. The fact that currently there are 14 bills being presented and the

involvement of the governor and the DLIR is proof that it is a vital issue. No one wants to take away any benefits. The goal is to administer workers' comp in a better way so that everyone plays off of a fair standard."

Gary Wiseman, president of Associated Builders and Contractors, Inc. (ABC) Hawaii, says, "It seems as though all of the governor's and DLIR's proposals need to pass in order to have any impact in the industry."

Self-Healing

As important as the topic of workers' comp may be, there are other issues involved in the overall health and safety picture. For example, how is the industry doing with its own programs? ABC's Wiseman says there has been a definite improvement in company safety programs over the past five years. "Safety is better; there has been a decrease in accidents."

U.S. Attorney Edward Kubo, Jr.

recently called for stricter enforcement of laws requiring contractors who do business with the government to certify that their employees are drug-free. He asks for a five-year ban on the awarding of federal contracts to companies who do not comply. Many industry members respond to this with surprise. Wiseman, for example, says, "A major portion of the industry conducts drug testing," and points out a fact we hear from others, "as far as federal contracts are concerned, federal work already requires drug testing and it has to be done before contracts are awarded."

The BIA's Short agrees. "Our (BIA) members are very aware of the socio-economic issues associated with drugs," he says and adds, "there is absolutely more awareness of the importance of good health and safety practices in the industry. It's driven by basic necessity and a caring for employees. Very few industry companies do not have safety programs in place, including regular safety meetings, ongoing training programs and education."

Karen Holma of Bays Deaver Lung Rosa & Baba Attorneys at Law and a member of BIA's board of directors also serves on BIA's government relations committee. "Education is vital," she says, explaining, "40 percent of all workplace injuries are related to drug use, so drug testing is very important." She feels that the majority of employers in Hawaii "do a good job" with their health and safety programs and commends the BIA on its "great safety training program."

Hawaiian Dredging's Steve Brooks, safety chair of the General Contractors Association (GCA) of Hawaii, says his association's members are doing very well in the health and safety area. "Our safety committee is constantly growing," he says. "We currently have 38 companies as members, from contractors and subs to all of the allied industries. We get together at



Safety gear is part of the everyday picture at Nordic Construction's Hawaii Self Storage jobsite in Pearl City.







Ernest (Ernie) Balatincz, ABC safety chair

Lic. #AC10998



Karen Holma, Bays Deaver Lung Rosa & Baba, Attorneys At Law



Nelson Befitel, director, Department of Labor & Industrial Relations (DLIR)

least once a month and at the last meeting we had over 70 people in attendance." Brooks says his primary concern right now is the training and education of new workers joining the industry, or workers who have been out of the industry for a while and are now returning because of current labor demand. We have heard concerns

expressed by others, including health care professionals regarding the building boom's influx of new workers who may not be as skilled or safety conscious as they should be. ABC's Wiseman points out that the majority of those involved in workplace injuries or accidents have been on the job less than six months. And now, with the

desperate need for new workers to fill new jobs, "I see a direct correlation." says Brooks, "between this (increased accidents and injuries) and workers not skilled enough or physically not in shape because they have been out of work for a while. This is why education and ongoing training is so vital." Brooks also says the GCA strongly

supports a drug-free workplace. He and Dick Pacific's Tracy Lawson represent the construction industry on the HIOSH advisory board.

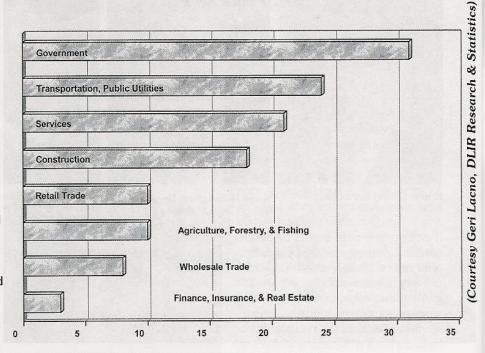
Ernest (Ernie) Balatincz CHST, ABC safety chair, says, "The construction industry has made great strides in the area of health and safety, from new and improved employee protection



A division of SUN Industries, Inc.



Fatal Occupational Injuries by Industry Hawaii, 1998-2002



Fatal Occupational Injuries by Industry-Hawaii 1998-2002

Help for What Ails You

"Our SHARP program is doing well " says the DLIR's Befitel. "There are a lot of companies on the waiting list. We've gained the trust of the construction industry. Its members are now willing to work with us. The key is if we can get a company to provide a safe working environment, we don't have to worry about that company." Befitel says the DLIR and HIOSH are working hard on this spirit of coop-

eration with the industry, "while also providing strong, fair and efficient enforcement." SHARP, which stands for Safety and Health Achievement Recognition Program, rewards companies qualifying for membership with benefits including exemption from routine or scheduled HIOSH inspections for up to two (or more) years as well as a reduction in workers' comp rates. Is all the effort working? "Yes," says Befitel, "employees are more safety-conscious and the companies are

Tips from the Top

Health Division) requirements.

We asked leaders in various sectors of the health and safety arena what advice they would give industry members. Their answers follow:

- •Gary Wiseman, ABC—"Safety starts at the top. If the owner of a company buys into the need for safety, it will filter down to all employees."
- •Ernie Balatincz CHST, ABC safety chair—"If their safety programs are not up to par with the rest of the industry, they may not stay in business for long. The two important keys are ownership and accountability to everyone on the job and 100 percent commitment and support from upper management on down to the field worker."
 - •Bill Short, government relations chair, BIA—

"Continuing education is vital. Health and safety issues affect productivity in the workplace and also greatly affect operating costs."

- •Steve Brooks, safety chair of the GCA says, "Show up for safety committee meetings. The GCA's safety committee, for example, has six different sub-committees."
- "Cleanliness and orderliness is one of our key focus points," says Dick Pacific's Lawson. "If you have order, you have less loss across the board, including accidents."

Lawson also says a major problem currently is the lack of qualified safety professionals available, "a real problem," especially with the current demand in the industry. "People looking for work who are passionate about saving lives should look into a career in safety."

more willing to work with us in programs such as SHARP. It's not easy. They have to have a commitment, devote time to it." In areas of specific concern, Befitel says, "When we came on board (in 2003), we saw a lot of fall hazard violations, so we launched a program targeting those industries. This included two HIOSH initiatives, the Fall Protection Initiative (FPI) and the Fall Protection Emphasis Program (FPEP). FPI is a non-enforcement, compliance assistance initiative designed to heighten the awareness of field workers of the need for fall protection while working at heights of six feet or higher. The FPI program reached 262 construction sites, with 1,603 workers, statewide. FPEP is a local emphasis program targeting fall-related violations at predetermined geographic locations throughout the state where the hazards are occurring. In the first three months of FPEP implementation, we conducted 54

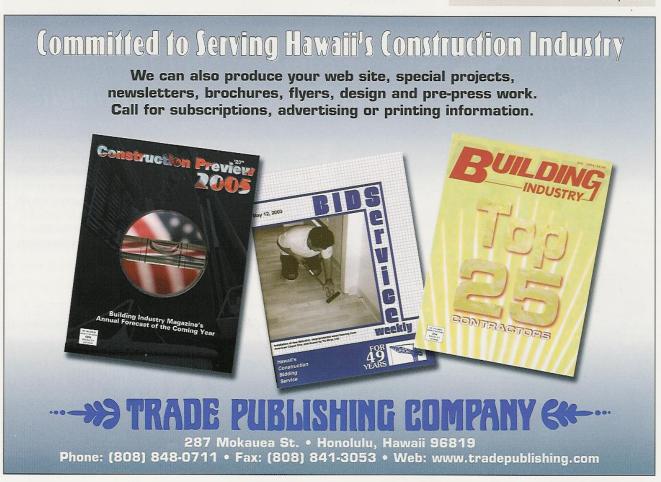
inspections and issued 85 fallrelated citations, with penalties totaling \$76,575. With our limited resources, we have to concentrate on areas of the most frequent and most serious violations. That's more important than citing for minor violations." Befitel feels the "awareness factor" regarding the importance of health and safety has increased. "Larger companies have very effective programs," he says, "the smaller companies need more help." He points to Nordic and Dick Pacific as examples of companies that have "created a culture of safety that trickles down to the subs." As to the importance of a drug-free workplace, this is another area which Befitel plans to address with concentrated effort, including creating a set of standards, which if met, would qualify a company as a drug-free workplace.

Dick Pacific Construction Co., Ltd., Hawaii's only construction company so far to achieve VPP

SHARP and VPP Members

The HIOSH SHARP program currently has 12 members: KD Construction, Inc.; Nordic Construction, Ltd.; RCI Construction Group Pacific Division; Jayar Construction Inc.; Kimi Hotels Inc. dba Maui Seaside Hotel: Kimi Hotels Inc. dba Kauai Sands Hotel; Integrated Rental Care dba FMC-Dialysis Service of Pearlridge; Master Sheet Metal, Inc.; Aylward Enterprises, Inc.; Big Island Candies, Inc.; JAL Hawaii, Inc.; and Swinerton/Pacific. Currently, 26 additional companies are in the process of obtaining SHARP membership.

The Voluntary Protection
Program (VPP) is a national recognition program for outstanding health and safety programs.
Hawaii companies that have achieved VPP STAR status are:
Chevron-Hawaii, Frito-Lay and Dick Pacific Construction Co., Ltd.



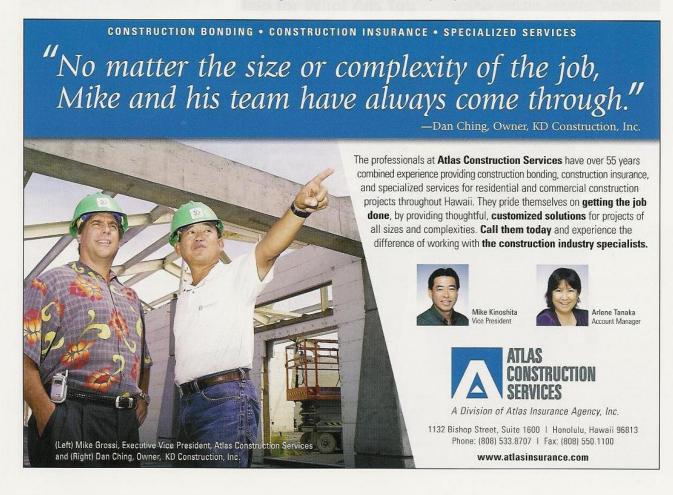
(Voluntary Protection Program) STAR Status, has received much attention due to this national recognition for its safety and health program. Tracy Lawson, CSP, CHST, vice president, corporate safety operations for the Dick Corporation, comments on a story in a local medium asking if HIOSH is too friendly. "I see them working very hard to make changes that make sense in order to become a more efficient organization," she says. "They are taking what I would call a firm, fair and consistent approach to improving workplace safety. Nelson Befitel has taken on the very difficult task of reinventing HIOSH. Change is never easy and I think he has made a deliberate effort to listen to the concerns of the business community and safety professionals while keeping focused on maintaining the integrity and mission of HIOSH. I do not think I would equate partnerships and efforts to improve communication

Cost of Wasted Time

Based on 260 working days or 2,080 working hours

Yearly Income	Per Minute Loss	Per Hour Loss	Cost of One Lost Hour Daily for One Year	Cost of One Lost Minute Daily for 30 Years	Cost of One Lost Hour Daily for 30 Years
\$10,000	\$.08	\$4.80	\$1,248.00	\$624.00	\$37,440
12,000	.09	5.76	1,496.60	748.80	44,928
14,000	.11	6.73	1,749.80	874.60	52,488
16,000	.12	7.69	1,999.40	999.70	59,592
20,000	.16	9.61	2,498.60	1,249.30	74,958
25,000	.20	12.01	3,122.60	1,661.30	93,678
30,000	.24	14.42	3,749.20	1,874.60	112,476
35,000	.28	16.82	4,373.20	2,186.60	131,196
40,000	.32	19.23	4,999.80	2,499.90	149,994
50,000	.40	24.03	6,247.80	3,157.20	187,434
75,000	.60	36.05	9,373.00	4,686.50	281,180
100,000	.80	48.07	12,498.20	6,248.10	374,946

Courtesy of Dick Pacific Construction, Co., Ltd.



with the community as too friendly." Lawson also lauds the SHARP and VPP programs as "having created tremendous momentum in the construction industry."

Theory and Practice

We've heard from the DLIR and HIOSH, we've spoken with the directors and safety chairs of the industry's professional associations, we've shared comments from labor union and construction company representatives. What about the actual hands-on providers of medical services, especially the medical professionals dealing with work-related injuries and workers' comp cases? Referring to the

What's New in Health & Safety Equipment?

- "Everyone knows the best response for a victim of SCA (Sudden Cardiac Arrest) is to get the heart beating regularly as quickly as possible," says Lessie Zoa Mitch, marketing director for Safety Systems Hawaii, Inc. "The best way to do this is through the correct use of an Automated External Defibrillator (AED). The Zoll AEDPlus addresses the main problem, how to use an AED. This AED is not just a 'shock box' but complete support for CPR, telling rescuers how they are doing and how to improve." Another new product available at Safety Systems is the AlturnaMat which Mitch says provides landscape protection while lending stability to vehicles driving over unpaved terrain. "The thick, polyethylene panels last for years where wood will rot and mold within months. It's able to withstand 60-ton loads without warping and can be reused."
- "There has been a lot of renewed interest in safety measures and OSHA requirements regarding fall protection," say Richard van Bodegom, of Safway Steel Products, Inc. "With scaffolding, as important as fall protection, is protection from the elements and falling objects and also protecting passersby. We're now putting up a yellow mesh that wraps the entire project. It has to be made tight around the entire project, like a cocoon. It's very effective and the yellow version, which is new, is highly visible. Currently, we're the only ones carrying it in the entire country."
- George Mauliola of Airgas Gaspro says because of the "hot issues" regarding storm water management, he is seeing an increase in demand for products such as barriers, drain guards, catch basins, grate lifters and absorbent fall protection equipment. "We expect to see more demand with the privatization projects," he says. "We're also providing disaster-planning equipment for state projects and we work with HCC (Honolulu Community College) in their training classes."



A pipefitter prepares a pipe end for welding on a Nova Group project.

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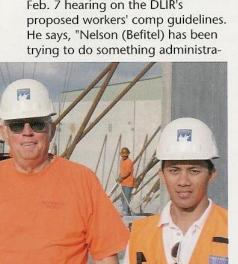
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workers' comp reform controversy, Dr. Frank Izuta, director of occupational medicine at REHAB (The Rehabilitation Hospital of the Pacific), says, "For the good of the state, something needs to be done, some kind of reform." Izuta worries that there are so few medical specialists who will see workers' comp patients, mainly because of the low reimbursement rate. "There are no dermatologists and only one or two neurosurgeons and plastic surgeons who will take workers' comp referrals. This is why we have to regulate, have some sort of rules on who can see workers' comp patients." Izuta says when he first joined REHAB, back in 1997, "the type of workers' comp patient we saw was more of a chronic pain

patient. Now, and especially with the closing of Straub's occupational health facility, we're seeing more construction injury related cases, more lacerations, more acute cases. More and more of the construction companies are trying to prevent injuries," he adds. REHAB's Pain Management Program continues to monitor injured workers' comp patients, helping them function and return to work. Dr. Ron Barozzi, REHAB's psychiatric director, evaluates prospective candidates for the program.

Ronald Kienitz, D.O., medical director of Concentra Medical Centers in Hawaii, attended the Feb. 7 hearing on the DLIR's



Project Manager Stanforde Sagum, Superintendent Newell Warren and Aaron Delos Reyes, project manager of Swinerton/Pacific, oversee the the construction of the new Best Buy location in Iwilei.





At Hawaiian Dredging's Kamehameha School project on the Big Island, hundreds of vertical rebar had to be capped.

tively about workers' comp reform. He was unable to get his proposals through last year and is trying again this year." However, after the recent hearing, "Things are still up in the air. There was a lot of opposition." (Editor's note: The opposition supposedly stems from concerns of some legislators as mentioned earlier in this report, that the DLIR is overstepping its bounds by "trying to push through its guidelines without going through the legislature.") Kienitz feels that the guidelines would bring costs down, alleviating some of the inherent problems. "We need to reform the system. Hawaii has the lowest level of (medical practitioner reimbursement) compensation in the country and yet is the third highest state in workers' comp costs. Oregon has one of the highest physician reimbursement rates in the country, yet its workers' comp costs are among the lowest." He also speaks of specialists who are put off from seeing workers' comp patients because of the amount of required paperwork and billing procedures and the extremely low reimbursement. "And it's not just specialists," he points out, "even some family practitioners won't see them." Kienitz says the Hawaii Medical Association still is trying to adjust certain codes to increase reimbursement rates, which currently are just 10 percent over Medicare. "Last year's petition regarding orthopedic codes was approved and reimbursement is now 30 percent above Medicare. We are trying to enter the process earlier this year with the other 70 codes still in the docket."

Suzanne Fields, sales manager for

Kaiser Foundation Health Systems and Kaiser-on-the-job, says, "The (DLIR's) proposed guidelines focus on return to work and standards of care addressing what's best for the patient." In terms of health and safety, she says, "Everyone is doing better in getting safety programs in place. Folks are just getting smarter. Those doing or anticipating large

construction jobs know it's in their own best interest to manage health and safety." Everyone needs to step back and look at the bigger issue instead of being caught up in his or her own special interests." Marianne Dymond, Kaiser-on-the-job

Marianne

Dymond, director, Kaiser-on-thejob agrees that workers' comp is a vital issue. "People are concerned," she says. "Everyone needs to step back and look at the bigger issue instead of being caught up in his or her own special interests. It's a matter of stepping up, wanting the best for everyone involved and making it work. A lot of good ideas actually came out of the testimony at the (Feb. 7) hearing." Dymond points out that the Chamber of Commerce is sponsoring two workers' comp-related bills, one dealing with fraud and a medical provider bill, allowing some employers to direct their employees' care. Also in the bill is a

"carveout" wherein labor and management can agree to establish

the use of a medical provider network, pursuant to the collective bargaining agreement.

With the closing of Straub's occupational health program, Dymond says Kaiser's volume has increased. "Maui is especially busy," she says. In addition to a new clinic in Wailuku, Kaiser also recently

opened a Waipio clinic on Oahu, complete with the occupational health program, replacing the Punawai Clinic.

Workers' comp, workplace concerns and innovations, dealing with the demand for new workers, a booming industry, interaction with HIOSH—all of these factors are impacting health and safety issues in the construction industry. According to the power players involved, you are handling it all quite well. There are controversies that have to be resolved, personal agendas that have to make way for the common good and commitments that need to be fulfilled. But despite the chronic aches and pains, the prognosis is positive.

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